



2022 Microbusiness Sector Advocacy Priorities for an Equitable Recovery

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CAMEO and its 350+ member network promote microbusiness ownership and business assistance for an equitable recovery. CAMEO members serve approximately 84,000 businesses with training, technical assistance, and loans. These firms, which are largely start-ups, support/create about 101,000 new jobs for California and generate an estimated \$7.5 billion in economic activity— raising state and local revenues and decreasing demand for government services.

Generally, CAMEO supports investment in the local entrepreneurial ecosystem (see pp 5-6.) Specifically in 2022, we support:

Small business provisions in the Governor's state budget

SB 113 was signed by the Governor in February 2022 as emergency relief. We thank the Governor and legislature for an additional \$150 million to the California Relief grant to fund those on the waiting list as well as \$500 million in tax relief for restaurants and venues. Additional budget items that we support (bill number tbd after April 29th filing deadline):

- \$23 million ongoing General Fund to permanently support the SB-TAEP Program;
- \$3 million ongoing General Fund beginning in 2023-24 to support the continuation of the Capital Infusion Program, which supports business consulting provided by the SBDC Network to assist small businesses to access capital
 - \$6 million General Fund in 2022-23 to SB-TAEP to handle increased demand
 - increased funding of \$1 billion (up from \$220 million) for [iBank's small business loan guarantee program](#)
- \$200 million to expand the Venture Capital Program for underrepresented entrepreneurs
 - waive filing fees for new businesses at \$40 million
 - improve career pathways and career training programs to ensure that businesses have well trained employees at \$1.5 billion
 - improve supply chain issues with a proposed \$2.3 billion for port freight, goods movement, and infrastructure.



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We support an additional budget ask of a one-time \$8 million budget allocation of over 3 years to fund Women Business Centers (WBCs) to support women entrepreneurs, particularly those businesses operated by women of color and those located in underserved communities.

We support provisions of AB 1072 (Reyes), which would allow for TAEP money to be used for outreach and marketing and to respond to emergencies. These provisions are being worked into a trailer bill for the current budget.

Bills Supported

[SB 625 \(Caballero and Limon\)](#) would establish the California Investment and Innovation Program, administered by the I-Bank, for the purpose of providing grants to qualified community development financial institutions, i.e. create a state CDFI program. (2-year bill. In Assembly Jobs, Economic Development, and the Economy Committee)

[SB 972 \(Gonzalez\)](#) defines compact mobile food facility to better incorporate sidewalk vendors and makes small changes to the microenterprise home kitchen operation and the Cottage Food Operation laws to allow sidewalk food vendors to access these existing programs. Furthermore, SB 972 1) eliminates unnecessary and expensive equipment requirements, such as sinks, for sidewalk food vendors; 2) increases the discretion of local health departments to approve innovative equipment design for all mobile food facilities; 3) enhances safe on-site food preparation of non-potentially hazardous foods, including healthy food like sliced fruit and vegetables; 4) catalyzes the manufacturing of safe and affordable sidewalk food vending equipment at scale; and 5) replaces harsh criminal penalties with non-criminal administrative fines for code violations. (Passed Sen Health 4/20, in Appropriations)

[SB 1126 \(Cortese\)](#) existing law defines “eligible employer” for purposes of the act to mean a person or entity engaged in a business, industry, professional, trade, or other enterprise in the state, excluding specified federal, state, and local governmental entities, with 5 or more employees and that satisfies certain requirements to establish or participate in a payroll deposit retirement savings arrangement. This bill would expand that definition of “eligible employer” to include a person or entity that has one or more employees. By expanding eligibility under the act, the bill would remove a restriction limiting expenditure of funds and authorize the expenditure of continuously appropriated moneys for a new purpose, thereby making an appropriation. (Hearing Sen Labor 4/27)



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[AB 2019 \(Petrie-Norris and Holden\)](#) would require state agency directors to establish a minimum goal of 25% procurement participation for small businesses, including microbusinesses and require they have a small business liaison that will develop an “economic equity first” action plan. (Hearing Asm JEDE 4/26)

[AB 2314 \(Petrie-Norris\)](#) would require a loan guarantee provided under the Small Business Loan Guarantee Program that a borrower not be required to sign a confession of judgment, that the guaranteed loan not be refinanced or renewed, nor be used to refinance or renew another loan, if the new loan to refinance or renew includes unpaid or unaccrued interest or fees to pay off the balance of the previous loan, and that the final payoff amount of the guaranteed loan not vary based upon the source of the funds used to make the final payoff. (Passed Asm Banking 4/18, Hearing Asm JEDE 4/26)

We are also supporting the following bills:

- **[SB 577 \(Limon\)](#)** – Financial Institutions: money transmission: escrow agents: lenders and brokers: banking.
- **[SB 633 \(Limon\)](#)** – Require in language information on contracts.
- **[SB 1324 \(Durazo\)](#)** - Rosenthal Fair Debt Collection Practices Act: rental debt.
- **[SB 1407 \(Becker\)](#)** - California Employee Ownership Program.
- **[AB 2226 \(JEDE\)](#)** - California Main Street Program.
- **[AB 2342 \(JEDE\)](#)** - Community Economic Resilience Fund Program.
- **[AB 2433 \(Grayson\)](#)** - Department of Financial Protection and Innovation: unlawful practices



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California Microbusinesses Critical for Equitable Recovery

Diverse, very small businesses are critical to California's economic recovery.

- 4 million Californians are employed by micro-businesses.
 - 3 million micro-businesses have no employees (self-employed).
 - 1.8 million small businesses, or 43%, are owned by a Hispanic or racial minority.
 - California's small businesses employ almost 50% of the state's workforce
 - Black Americans are more likely to start businesses than any other ethnic group, with women of color starting businesses at 4.5X the rate of the overall population.
 - 4% of Black-owned businesses are still in business after 3.5 years compared with a national average of 55.5%
 - The multiplier effect for a small local business on a local economy is twice that of a national chain.
 - COVID-19 has highlighted the importance of small businesses to our community and what happens when they aren't supported, especially entrepreneurs of color.
 - If we were to close the racial wealth gap, we'd increase GDP by more than 40%.
- Business ownership is a key strategy.

CAMEO members are wealth creators and provide critical support.

Our network serves approximately 84,000 businesses with training, technical assistance and loans. These firms, which are largely start-ups, support/create about 101,000 new jobs for California and an estimated \$7.5 billion in economic activity— raising state and local revenues and decreasing demand for government services. Traditionally, CAMEO members have served the socially and economically disadvantaged populations.

Business assistance is the key to success and 1st step in capital access.

- Microbusiness owners that have gone through training programs and receive business assistance from CAMEO members have an 80% success rate (versus the 50-80% failure rate of small businesses that don't seek help.)
- CAMEO member clients who start their own businesses also on average create two jobs in addition to their own, over a three-five year period.
- A \$1 of TAEP funding for WBCs has returned \$192 in local economic activity.
- The CAMEO cost of creating a job is the low average cost of \$1,000 a job; consider that a public works infrastructure project costs \$50,000 a job.

Capital access is important.

- . Applicants who receive a small business loan 1) are 54% more likely to qualify for future business loans; 2) are 54% more likely to survive; and 3) increase their sales by an average of 41%.
- Transparency needed in small business lending to stop predatory practices.



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Generally, CAMEO supports a strong [local entrepreneurial ecosystem](#) - what small businesses really need: Coaching (all training), Capital, Connections (to markets and networks), Culture, and Climate (policy). When the pieces are in place, our small businesses can move toward recovery and finally resiliency which in turn spill upward to our communities and our state. Invest significant resources into communities of color for small business development; place underserved business owners first in line for any programs; and program design should take their needs into account. The pandemic also taught us the value of language and culturally appropriate resources and the need for outreach.

Specifically, we support the following:

Coaching

- Continued permanent support and expansion of the Technical Assistance Expansion Program (TAEP).
- All programs intended to reach underserved and under-resourced entrepreneurs need marketing, outreach and administrative dollars, including grant programs. Most programs also need support for coaching activities. Materials need to be language and culturally appropriate.
- Provide funding for community-based entrepreneurial training programs.

Capital

- Strong transparency in small business lending regulations (SB 1235) and small business lender accountability through Department of Financial Protection and Innovation.
- If a lender is taking advantage of state credit enhancement programs, or otherwise subsidized by the state, they should adhere to responsible lending practices, e.g. such as those suggested by the Small Business Borrowers' Bill of Rights.
 - Grants for small businesses to cover operating expenses for the transition period to re-opening.
 - Expand the state loan guarantee programs to a 95% guarantee to increase lending to more riskier borrowers.
 - Grant funding and/or very patient capital (0% long-term (20 year) patient capital for CDFIs so that they can make it through the recession and assist in the recovery with a flexible carve out to CDFIs that make loans to microenterprises and small businesses that are owned by undocumented people.
 - Establish a state CDFI Fund.
 - Increase the use of public banks.
 - Facilitate crowdfunding as a capital option for small businesses.



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- Support unemployment for California self-employed while they start their own businesses with a re-orientation of Workforce dollars.

Connections (to Markets)

- Ensure small business procurement goals.
- Break large government contracts up.
- Continuation of government contracts even if unable to deliver projects.
- Replace import with goods and services from locally-owned companies.
- Broadband is a basic utility that everyone needs to access.

Culture

Continued support for small business support shows leadership and understanding of the important role that small business plays in economic development.

Climate

- Put energy into more creative solutions, other than tax credits. Most small businesses can't take advantage of it.
- Ease restrictions for cottage food production. During the pandemic, many people who lost their jobs or quit them, began cooking and offering meals or sweets made in their home kitchens. It was not uncommon to see advertisements on NextDoor for soup or a dozen tamales.